A NATIONAL AGRICULTURE STRATEGY

Report on Challenges Facing Agriculture

Submitted by the Ministers Responsible for Agriculture
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The Ministers Responsible for Agriculture in Canada and the provinces are pleased to submit this report to the First Ministers.

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and Food
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and Northern Development
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Foreword

Introduction

In November 1985, the First Ministers identified the serious challenges facing the Canadian agriculture and food industry. The First Ministers, in turn, charged the Ministers Responsible for Agriculture with addressing these challenges and developing a National Agriculture Strategy.

A National Agriculture Strategy

The challenges identified in November 1985 continue to face the Canadian agriculture and food industry. In addition, they have been heightened by the introduction of the 1985 United States Farm Bill and ensuing predatory agriculture and food trade practices by the European Economic Community and the United States. Despite an unfavourable short-term outlook, the resolve of the Canadian agriculture and food sector has remained firm. The quest for new opportunities and new markets continues as Canadians in all facets of the agriculture and food industry strive to recapture prosperity and stability.

In view of this, governments have an obligation to implement a National Agriculture Strategy to assist the industry. Such a strategy must involve a long-term thrust to create a market-based agriculture and food industry, but must also be complemented by short-term measures to bridge temporary difficulties. In working towards this strategy, we have arrived at consensus on a number of principles. These are:

- full recognition of the sharing of jurisdiction;
- government action that is equitable and sensitive to regional economies;
- government action that is market-oriented and promotes the competitiveness of Canadian agriculture, while ameliorating the full hardships facing Canadian farmers exposed to market distortions caused by foreign policies;

- support for family farms in times of substantial need;
- full recognition of the importance of the private sector in developing government programs; and
- effective cooperation among governments.

Based upon these principles, we have worked together, focusing on the following key elements of the National Agriculture Strategy:

- measures to improve farm financial security;
- improved protection against climatic and economic risks;
- soil and water conservation and development efforts to protect and enhance our resource base, thereby guaranteeing agricultural productivity in the future;
- technology development and transfer policies to improve the long-term competitive position of the Canadian agriculture and food industry; and
- improved interprovincial and international agriculture and food trade measures.

The pursuit of an effective National Agriculture Strategy requires the continued cooperation and goodwill of the federal and provincial governments in working with the private sector. In this regard, the efforts of the past months are important steps forward. Many cooperative measures have already been taken to address the challenges identified by the First Ministers, and many others are in progress. We, the Ministers of Agriculture, are committed to ensuring that our programs and policies remain effective. We are also confident that the Canadian agriculture and food community will meet the difficult challenges that lie ahead and successfully take advantage of future opportunities.

Short-Term Farm Income Measures

The Canadian agriculture sector's market conditions have deteriorated rapidly over the past year. Weak international commodity prices, especially for grains, and unstable prices of other commodities, particularly

potatoes, have seriously affected the incomes of Canadian farmers. For many commodities, these problems are expected to worsen in 1987 and may continue until the end of the decade. While the concerns about Canadian agriculture expressed by the First Ministers last November remain serious, there is now a clear and urgent need for substantial assistance to address income deficiencies this year. However, the long-term solution lies in the recovery and improved functioning of international commodity markets.

We are, therefore, pleased by the October 3, 1986, announcement by the Prime Minister of Canada, the Right Honourable Brian Mulroney, to implement a national financial assistance plan for Canadian farmers. Such action, which addresses the request stemming from the August meeting of Ministers of Agriculture, should provide the assistance necessary for many Canadian farmers to bridge their short-term problems.

Our combined views have been presented to the Government of Canada, along with our suggestions for short-term national financial assistance. We believe that a significant increase in cash payments to Canadian farmers would reduce the number of farm failures, maintain Canada's competitive position in the international agriculture and food marketplace, and provide a major stimulus for domestic agriculture and rural economies.

As Cabinet Ministers we are all aware of the financial situation each government faces. Although existing federal and provincial programs will provide approximately $4.9 billion in gross direct and indirect assistance to Canadian farmers in 1986, additional help is required. The announcement by the Prime Minister and the subsequent actions of the federal and provincial governments are reassuring for the longer-term outlook. Yet, short-term farm income demands will continue, and we in turn will continue to seek and provide the necessary support to bridge this period of difficulty.

Accepting the Challenge

This attention to urgent and pressing income problems must not detract from efforts to enhance the long-term viability of the Canadian agriculture and food sector.

New initiatives can increase net income by lowering costs, developing new markets, reducing barriers to trade and providing new technologies to meet changing market demands. We believe the priorities of all governments must be to ensure that Canadian producers can survive this difficult period of low and erratic world prices. We also believe that members of the agriculture and food sector must survive in a manner that allows them to take advantage of market opportunities as they arise.

The challenges are considerable. We share the concerns of the Canadian agriculture and food industry over its future, and we have developed an action plan to deal with the priorities we have identified. As Ministers of Agriculture we will work within our governments to identify the resources needed to put the plan into place. This action plan reflects our acceptance of the mandate given us by the industry and by the First Ministers. As we implement this National Agriculture Strategy, we will meet the challenges placed before us.

A National Agriculture Strategy for Canada

Introduction

At the First Ministers' Conference of November 1985, discussions on agriculture focused on the immediate and longer-term challenges and opportunities facing Canada's agriculture and food sector. To ensure that these vital issues received urgent attention, the First Ministers asked the Ministers Responsible for Agriculture to work together on a national approach to agriculture and food policy that would better meet the needs of this key sector.

The Canadian agriculture and food industry is a pillar of this country's economy. Annual sales exceed $50 billion, and the sector provides stable employment for 12 per cent of the country's labour force in urban and rural Canada. Farm and food exports total approximately $10 billion, representing an increase of 50 per cent during the last decade. In all, agriculture and food products account for one-third of Canada's trade balance.

Although many sectors of the economy have recovered from the recession of the early 1980s, the Canadian agriculture and food industry has been forced to contend with increasing problems. World surpluses of many commodities, the emergence of new global competitors -- some of which were former customers -- and the predatory price-setting and trade practices of major exporters, such as the European Economic Community and, more recently, the United States, are depressing world commodity prices. The medium-term outlook for the Canadian agriculture and food sector has deteriorated substantially since the 1985 First Ministers' Conference.

The sector is threatened with a crisis of uncertain duration and increasing financial pressure in every region of the country. Net annual farm income in the Western provinces has dropped from an average of $2 billion in 1981-84 to $1.8 billion in 1985. Further income reductions are anticipated through to 1988. A similar situation is occurring in some regions and some commodities in Eastern Canada. Indeed, the real purchasing power of Canadian farmers has declined by an estimated 15 per cent since 1981. Worse still, this crisis extends beyond the primary agriculture sector and could envelop entire segments of rural Canada.

In response to these financial pressures and the economic damage brought about by changing foreign policies, support is required for family farms in these times of substantial need.

Yet, despite the difficulties facing this country's agriculture and food industry, our belief remains firm in the dynamic vitality of this industry and in its capacity to remain competitive in Canada and throughout the world. Adverse foreign policies, fragmenting markets, interprovincial trade barriers, new competitors and new technologies all pose long-term challenges. But these challenges also provide opportunities for new markets, new and value-added products, import replacement, the development of market niches, and cost reductions through improved technology.

Given the quality of Canadian farm businesses and the desire of farmers to find and develop new market opportunities, the long-term outlook is more positive. But certain conditions must be met if our industry is to succeed, including continued investment in research and technology, continued protection of the natural resource base, and improved domestic and international marketing systems. Fulfilling this optimistic outlook will require the cooperation and coordination of federal and provincial governments working with the private sector to implement a National Agriculture Strategy.

Objectives for Government Action

In partnership with the private sector, governments play an important developmental role in the agriculture and food industry. The federal and provincial governments share this jurisdiction, and both levels of government act through legislation, regulation, and assistance programs for all facets of production, processing and marketing of farm products.

Government support is significant. In 1986-87, federal and provincial programs in the agriculture and food sector will provide close to $4.9 billion in gross assistance, devoted mainly to credit programs, crop insurance, income stabilization, quality assurance, transportation, extension assistance to producers, research and marketing.

Given the immediate and medium-term outlook, as well as the complexity of the problems facing this sector, it is evident government support for the agriculture and food industry must be maintained. This assistance is essential for the industry to survive the current period of profound technological change and international trade upheaval.

The Ministers of Agriculture recognize and affirm the following objectives as the basis for government action in the agriculture and food sector:

- In accordance with the principles of regional economic development, the primary objective of federal and provincial action in the agriculture and food sector is to increase income and employment by promoting continued economic activit based on realistic possibilities in each region.

- More specifically, the federal and provincial governments want to facilitate the development of an agriculture and food industry that is market-oriented in all regions, through policies and programs that reinforce the sector's competitive position.

- Given the uncertain character of many factors influencing agricultural activity, federal and provincial governments strive to provide farmers in the medium and long term with the means to survive the difficulties created by climatic variations and commodity price fluctuations.

Principles for Action

A National Agriculture Strategy must be based on agreed fundamental principles as guidelines for future actions. It must also address intergovernmental and inter-regional differences.

The Ministers of Agriculture recognize and agree upon the following principles for action:

- A recognition of the shared jurisdiction and shared responsibility for agriculture and food development, including the right of both levels of government to intervene in the areas of finance, marketing, research, production assistance and income stabilization, while acknowledging that resource management is a provincial

responsibility. It is further recognized that such intervention should, of course, not be contrary to other principles and objectives of the National Agriculture Strategy.

- Equity and respect for regional economies.
- Government action should be oriented towards the markets and industry competitiveness.
- Protection of family farms.
- Effective cooperation and coordination with the private sector.
- Effective federal-provincial collaboration.

The commitment to these principles by all governments is the groundwork for enhancing present intergovernmental and public and private sector efforts. This will benefit the agriculture and food industry through policies and programs that focus on regional strengths and needs. Both short- and long-term investments in primary and processing industries, as well as in research, technology and transportation infrastructures, will be required. Just as important, this commitment includes the recognition of the role of the private sector -- the individual farmers, entrepreneurs and consumers -- as the final driving force in the economy.

The implementation of these principles by all governments will focus attention on the need for improved federal, provincial and interprovincial cooperation. Such cooperation will require ongoing consultation on the measures to be implemented. It is desirable that national consensus be reached on establishing or modifying policies and programs that significantly affect the agriculture and food sectors of one or more provinces.

Elements of a Long-Term Strategy

In recognition of the preceding principles, the Ministers of Agriculture have agreed upon a strategy of medium- and long-term action dealing with the areas they consider to be priorities. The guidelines for this strategy are as follows:

- Farm financial security must be enhanced through measures to facilitate long-term financing and to address critical problem areas.

- Protection against the climatic and market risks inherent in agricultural production requires continued commitment to improving crop and income insurance programs and marketing arrangement programs.

- Soil and water resources must be protected and improved through conservation and development programs, thereby guaranteeing agricultural productivity for future generations.

- Technology development and transfer policies must be designed to improve the competitive position of the Canadian agriculture and food industry.

- The further development of interprovincial and international trade is essential for a healthy, competitive agriculture and food industry.

Federal-provincial committees have studied in detail each of the elements of the long-term strategy. Reports containing specific recommendations for each area of concern have been submitted to the Ministers of Agriculture. Together, these reports have provided the basis for a National Agriculture Strategy.

Farm Financing and Financial Security

Extreme changes in the outlook and financial conditions of primary agriculture since 1980 have required all governments to focus their initiatives. The Ministers of Agriculture acknowledge that:

- access to sources of financing has been facilitated, and

- assistance to farmers who are experiencing financial difficulties has been improved.

Ideally, such programs should be available to all Canadian farmers. The Ministers of Agriculture agree to investigate further measures to reduce farmers' vulnerability to fluctuations in interest rates and credit conditions while securing access to the capital required to ensure future growth and profitability.

In particular, the Ministers agree on the desirability of redefining the role of the Farm Credit Corporation so that it contributes more effectively to the growth and development of the sector. Suggestions made include the guarantee of farm operating loans by the Farm Credit Corporation.

The Ministers of Agriculture also agree on the need to provide a stable economic environment for sound business decisions by Canadian agricultural producers. For instance, both levels of government must pay special attention to farmers who are experiencing serious financial difficulties but whose operations possess potential for long-term profitability. Government programs to provide loan guarantees, debt consolidation, interest rebates, and protection from property seizure are already being offered in some provinces. In addition, the introduction of federal Farm Debt Review Boards will increase this assistance.

Moreover, the implementation of the Canadian Rural Transition Program will assist farmers when their financial condition is beyond recovery. In coordination with provincial programs where available, this effort can be expanded to provide assistance to farmers before they reach that decision point.

Through close consultation, working arrangements are being developed to minimize the overlap between federal and provincial services. This will ensure a cooperative and coordinated effort to help Canadian farmers make difficult but necessary decisions. The development of these financial assistance programs must not be considered as substitutes for the national income assistance that must be implemented to deal with the combined threats of foreign policies and global surpluses.

Protection Against Production and Market Risk

Producers of primary agricultural commodities periodically experience sudden changes in production conditions, costs and market prices. These fluctuations are often caused by factors beyond farmers' control. Crop insurance, stabilization programs, and market regulation systems have been developed to provide a safety net to producers and to increase stability in the agriculture and food sector.

The Ministers of Agriculture recognize that a level of protection against risks is essential if producers are to plan for the long term. As a result, they have reaffirmed their commitment to national programs in the areas of crop insurance, farm price and income stabilization, and supply management. At the same time, the Ministers of Agriculture recognize that such programs must be used in a disciplined fashion to minimize their impact on international trade.

Production Risk

Crop insurance programs constitute a fundamental element in the protection against production risk incurred by producers. However, in some regions, programs do not adequately cover the widespread losses resulting from natural disasters in successive crop years.

As the First Ministers requested in November 1985, an interim disaster relief program with a yield coverage of up to a maximum of 80 per cent of the average was added to the basic grain and feed insurance programs for farmers in Saskatchewan, Alberta and British Columbia who experienced extensive crop losses in 1984 and 1985. The special supplementary guarantee for 1986 has been useful as a model for a permanent program. Additional protection will be developed in other regions and for other commodities beginning in the 1987-88 crop year, following discussions between federal and provincial crop insurance representatives.

Rather than provide ad hoc programs, the Ministers of Agriculture agree that through these measures and through other anticipated changes to the crop insurance programs, more effective and predictable protection against losses from natural disasters in successive crop years will be provided to Canadian farmers.

Market Risk

Farm price or income stabilization programs constitute particularly effective tools against the negative effects of price fluctuations in domestic and international markets. Under the federal Agricultural Stabilization Act, the federal government provides market risk protection through its general price support formula as defined in the Act, or through tripartite agreements involving producers and the provincial and federal governments. In addition, some provinces administer their own income stabilization programs, and the federal government operates the Western Grain Stabilization Program.

The Ministers of Agriculture affirm that the harmonization of stabilization programs continues to be a major objective among governments. For example, the principles of voluntary participation and cost-sharing are now well established in federal-provincial and provincial programs. The Ministers of Agriculture recognize that differing views do exist; they also recognize that the provinces have the jurisdiction to assist their own producers. However, in the interests of harmonization, the Ministers of Agriculture agree that:

- Stabilization programs must not serve as production incentive programs.

- Stabilization programs must be established in a self-sustaining, actuarially sound manner.

- National stabilization programs must be sensitive to regional differences.

The Ministers of Agriculture also identify the need to resolve issues surrounding the role of federal contributions in national stabilization programs and to examine the equity of the advantages granted under these programs in light of existing programs in participating and non-participating provinces. The Ministers of Agriculture reaffirm their commitment to review these stabilization programs and to seek an effective national consensus.

Production Surpluses

The national supply management agreements are a fundamental characteristic of the Canadian agriculture and food sector. In some cases, maintaining a viable national industry requires implementing controls on the volume of products that Canadian farmers can deliver and on imports.

The Ministers of Agriculture reaffirm their commitment to national supply management programs for certain commodities. Nonetheless, concerns have been expressed about some aspects of the operation of the national marketing agreements:

- Anticipated benefits have been capitalized in the form of high quota and land prices.

- Sharing of production quotas has been the cause of interprovincial conflict.

- Supply management boards have placed too much emphasis on quota management and too little on market development policies.

The Ministers of Agriculture identify the need to review these national agreements with these concerns in mind.

Conservation and Development of Soil and Water Resources

As a nation, Canada must seriously consider the protection of its soil and water resources. The primary responsibility for land falls upon individual producers, whereas direct resource management falls under provincial jurisdiction. It is the responsibility of the federal government to protect the overall interests of Canadians by conserving the resource base and by taking into account environmental and health concerns.

Overcoming soil deterioration is one of the greatest challenges that must be met if the future of the Canadian agriculture and food sector is to be assured. The need to succeed in this area is even more important at a time when financial problems cause many farmers to pay less attention to long-range planning. Coordinated action by farmers, public authorities and non-government agencies is therefore required, including:

- Establishment of a coordinated soil and water conservation program that could be adapted to each province and that would provide for awareness and education programs, improved extension and technical advisory services, more on-site demonstrations and additional research as required. It would also provide improved financial support and assistance in areas such as soil survey work and infrastructure planning.

- Improvement of federal and provincial co-ordination mechanisms to deal with the increasing priority placed on soil and water conservation. The provinces would ensure interdepartmental coordination, while the federal government would oversee the creation of a focal point for coordinating existing and new soil and water activities. Federal and provincial programs will be reoriented to adapt them to changing

needs. To improve intergovernmental coordination, federal-provincial agreements would be negotiated to finance and coordinate agricultural soil and water conservation and development programs.

° Where appropriate, establishment of local water and soil conservation and development organizations would ensure farmers' participation. These organizations, already operating in some provinces, would be established according to need and would be a provincial responsibility.

Technology Development and Transfer

The effective use of appropriate technology is essential to the long-term prosperity of Canada's agriculture and food sector. The roles and responsibilities of the federal and provincial governments in the area of research and technology are complementary without being exclusive. A key role for both levels of government is to provide overall leadership and direction to the public and private sectors, as well as to educational and non-governmental institutions. This can best be achieved through a heightened financial commitment to basic and applied research and by the transfer and development of technology in both the agriculture and food industries.

Producers, entrepreneurs and governments must work together to ensure the effective management of technological change for the long-term interests of the agriculture and food sector. In this respect, the Ministers of Agriculture recognize that the private sector, including producers, now shares with government the costs associated with technology development and transfer. It must also share in the planning and management of these systems to create a more diversified and stable agriculture and food industry.

With respect to the role of governments, the Ministers of Agriculture assert that:

° Federal and provincial efforts in technology development and transfer will be enhanced and coordinated more closely.

- Farm financial management and marketing will be emphasized in federal and provincial programs to improve the effectiveness of technology development and transfer.

- A high level of interprovincial cooperation in technology transfer will be mandated.

- Where needed, rapid and effective transfer of technology from other countries will be facilitated so as to maintain Canada's competitive situation.

The Ministers of Agriculture agree to seek precise means to involve the private and institutional sectors actively in all aspects of research management and funding. The Ministers also reaffirm that governments' support for these activities will be enhanced. This commitment to encourage the increased involvement of the private and institutional sectors in research does not mean, however, that all parties support plant breeders rights.

Farm Products Marketing

The long-term future of the Canadian agriculture and food sector depends upon maintaining existing markets, developing new markets, and responding to changes in domestic and international demands. Aggressive trade promotion and market development play a major role in achieving a competitive Canadian food and agriculture sector. While the federal government retains primary responsibility for trade issues, the provincial governments play increasing roles in areas of interprovincial and international trade. In view of this, the Ministers of Agriculture recognize that more attention should be paid to cooperative and creative market development and promotion efforts. The Ministers of Agriculture also recognize and agree on the need to reduce barriers to interprovincial trade in farm and food products. A national approach must be adopted to standardize regulations governing the production, processing and marketing of such products.

On the issue of international trade, the Ministers of Agriculture recognize and agree on the importance of the new round of multilateral trade negotiations, as well as the ongoing Canada-U.S. bilateral trade talks. The Ministers acknowledge the efforts of the federal government in seeking enhanced trade opportunities

while recognizing the need to sustain certain Canadian programs such as price or income stabilization programs and national supply management marketing arrangements.

The Ministers of Agriculture believe that within the above constraints:

- Better conditions of access to foreign markets can be established while recognizing that Canadian concessions may be required.

- More effective rules for dispute settlement and rule enforcement can be developed.

- A better balance between rights and obligations in global agriculture and food trade can be found.

- The reduction of agricultural product and export subsidies of competing foreign nations must be sought.

The Ministers of Agriculture realize the development of domestic and international agriculture and food trade depends to a large extent on the effectiveness of transportation systems. These systems must deliver products efficiently, profitably and on time. Such systems also depend upon the cooperation of all parties involved.

In this regard, the programs affecting agriculture and food product transportation, particularly grains, are extremely important. The Ministers agree that adjustments may be needed to respond to regional concerns about the level and direction of subsidies provided in transportation activities. In particular, the Ministers of Agriculture agree to review the level of assistance under the Feed Freight Assistance Program for various destinations because, in the view of a number of Ministers, the current program is inadequate in light of today's grain transportation costs.

A Call to Action: Accepting the Challenge

The Ministers of Agriculture recognize and accept the need to develop and implement a long-term National Agriculture Strategy. At their annual conference, held in Victoria in August 1986, the Ministers identified immediate steps to be taken to implement the basic principles of the strategy. Although there is a clear and present threat to the stability of Canadian

agriculture, the Ministers of Agriculture emphasize that attention must be given to all elements of the National Agriculture Strategy for comprehensive and effective development to occur. National consensus must also be reached on major issues involving the financial arrangements of farmers, the roles of government loan agencies, tripartite stabilization programs, grain transportation, the operation of national marketing boards, and the Canada-U.S. trade negotiations.

The trade war between the United States and the European Economic Community threatens to drive thousands of domestic producers out of business. The long-term solution is and remains in the recovery of international markets. Canada must use all forums for trade talks -- bilateral and multilateral -- to persuade its trading partners to reduce current distortions on international markets.

In the view of the Ministers of Agriculture, the seriousness of the current economic situation of Canadian farmers and the predatory practices of competing agricultural countries justify additional substantive assistance for Canadian farmers. The October 3, 1986, announcement by the Prime Minister and subsequent actions by the federal government to provide short-term national financial assistance to Canadian farmers are much appreciated. All Ministers of Agriculture agree that such measures must address the problems of all producers in Canada who have been severely affected by global trade wars. The Ministers of Agriculture are pleased by the federal actions, but recognize that a solution to farmers' income problems will require continued efforts in order to sustain a competitive Canadian agriculture and food sector.

In addition, the Ministers of Agriculture agree to pursue and implement the following actions within the framework and principles of the National Agriculture Strategy.

Farm Income, Credit Measures and Risk Protection

- A long-term, comprehensive disaster relief plan for Western Canada, based on the experience of the interim program, is being negotiated.

- The initial design of a national comprehensive disaster relief program has been completed. Discussions with federal and provincial officials are forthcoming.

- To offer the most effective protection for producers against current and anticipated cost-price squeezes, the objectives and implementation of the national stabilization programs will be reviewed. An initial study of the red meat plans is under way. The Ministers of Agriculture agree to create a working group to examine the tripartite programs in response to concerns raised by some provinces regarding regional differences in costs, prices, and programs.

- To provide immediate and longer-term financial relief for hard-pressed farmers, new roles and activities are being defined for the Farm Credit Corporation (FCC) and provincial loan agencies. A key priority is to return the FCC to its predominant role in providing fixed-rate, long-term financing for Canadian farmers. Other options for review include guarantees of farm operating loans and the lowering of Farm Credit Corporation rates to levels not exceeding 9 per cent.

- The establishment of Federal Farm Debt Review Boards and implementation of the Canadian Rural Transition Program require ongoing consultation and agreement with the provinces. These consultations have begun, and protocols between governments are being designed.

- Both federal and provincial governments are exploring new equity instruments for primary agriculture. These include registered farm investment funds, guaranteed vendor-financed mortgages, interest rate stabilization, new marketing arrangements, and a re-examination of the agriculture investment bond concept.

Soil and Water Conservation and Development

- Initial work has begun on the implementation of coordinated soil and water programs across Canada. Federal-provincial bilateral accords to protect and enhance Canada's physical resources

are being devised and will be negotiated to meet provincial needs and to complement existing efforts.

- Where required, additional efforts will be made to facilitate the growth and development of local soil and water conservation and development organizations.

- The federal government will create a focal point for agricultural soil and water programs as a means to increase national awareness and action on this issue.

- Federal and provincial programs and policies will be reviewed to ensure they do not affect soil and water conservation adversely.

Technology Development and Transfer

- Federal and provincial governments will enhance their commitment to provide leadership in long-term agriculture and food research and in the development and transfer of technology.

- Initial work has begun to examine and undertake measures to increase private sector involvement in generating research and technology development and transfer.

- Where required, continued and enhanced efforts are under way to increase public and private sector emphasis on farm financial management and marketing. Such efforts are designed to upgrade the skills needed by Canadian farmers to meet future competition.

- With the agreement of both levels of governments, coordinating mechanisms to improve complementarity and reduce duplication of federal and provincial efforts in research and technology development and transfer will be established.

- A system of research chairs in various agricultural disciplines at universities across Canada will be negotiated among governments, industry and institutions. These will enhance the research and technology development infrastructure supporting agriculture.

- Efforts to facilitate international technology transfer, such as the removal of unwarranted regulatory impediments, will be undertaken.

Farm Products Marketing

- Existing consultation and efforts by federal and provincial governments to harmonize standards within Canada, as well as between international jurisdictions, will continue.

- Commitments made by the Premiers to reduce interprovincial trade barriers will be implemented.

- Full support is given for the federal government's role and activities in pursuing fairer international trading arrangements through GATT negotiations.

- Consultation with regard to the bilateral trade negotiations will proceed and seek improved access as well as improved dispute settlement mechanisms.

- Aggressive private sector marketing through programs to support these efforts will be encouraged.

- A review of the administration of national supply management agencies will be instituted to improve the effectiveness of these systems.

- The level of assistance under the Feed Freight Assistance Program will be reviewed in light of the program's perceived inadequacy in the area of current grain transportation costs.

- Meetings among Provincial Ministers and State Directors of Agriculture to reduce trade irritants and improve mutual understanding of agriculture and food issues in Canada and the United States will remain a high priority.

- Consistent and compatible efforts will be made to enhance and increase the diversification of the value-added segments of the domestic agriculture and food sector.

Intergovernmental Coordination

° Full consideration will be given to the establishment of an intergovernmental secretariat, responsible to the Ministers of Agriculture, to advise and review the implementation of the National Agriculture Strategy and other policy matters.

Conclusions

The agriculture and food sector continues to be a significant contributor to the nation's economic and social well-being. The sector faces serious threats, but its resilience and underlying strength suggest that the Canadian agriculture and food industry will rebound. This positive assessment requires federal and provincial governments, urban and rural citizens, and private and public sectors to recognize the sector's interdependency with the overall economy, as well as the need to formulate flexible policies to meet future challenges and opportunities.

The request by the First Ministers and subsequent events have highlighted several common themes. There is, and will continue to be, the need for closer efforts by federal and provincial governments, as well as improved cooperation between the public and private sectors. The present institutional arrangements will be revised to provide the necessary leadership and coordination required by the agriculture and food sector.

The Canadian agriculture and food sector must depend as much on the character and quality of farmers, processors, suppliers, retailers and consumers as it depends on preserving its national resource bases. A National Agriculture Strategy must involve the cooperation and goodwill of all segments of the industry. The development of the National Agriculture Strategy is an important step forward, and the call to action for all Canadians involved in this sector must be accepted so that the industry can meet the challenges it faces. The Ministers of Agriculture are committed to ensuring that their policies and programs remain effective. The Ministers of Agriculture are, and will remain, committed to the dynamic and continued vitality of the Canadian agriculture and food sector.